



COMPTROLLER

UNDER SECRETARY OF DEFENSE
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WASHINGTON, DC 20301-1100

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MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
DIRECTORS OF THE DEFENSE AGENCIES

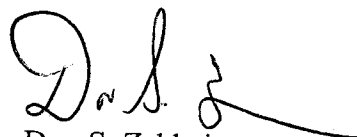
SUBJECT: Reporting Revenue for Suspended Work Counts

The Federal Accounting Standards Advisory Board (FASAB) Standard No. 7, Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting, provides for recognizing revenue. Specifically, Standard No. 7 provides, "Revenue from exchange transactions should be recognized when goods or services are provided to the public or another Government entity at a price."

Standard No. 7 defines intragovernmental sales of goods or services as exchange revenue. Therefore, revenue associated with suspended work counts should be recognized at the time the services are rendered, provided you expect to collect the suspended amount. This type of work is for existing customers that have annual recurring requirements. Suspended work counts should be a rare occurrence. Whenever this occurs, you are to follow the guidance provided in the Department of Defense Financial Management Regulation ("DODFMR,") Volume 11B, chapter 11 regarding Followup on Unfunded Reimbursable Orders.

We will incorporate this policy in the next update of the Department of Defense Financial Management Regulation Volumes 4 and 11B.

My point of contact for this matter is Mr. Jim Weishaar. He may be reached by e-mail at: weishaaj@osd.pentagon.mil or by telephone at (703) 697-4691.


Dov S. Zakheim